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SUBJECT: Vietnam's Ministry of Finance Reaches Out

11. (SBU) Summary: In a letter dated January 23 from Vietnamese Vice Minister of Finance Tran Xuan Ha to U.S. Treasury Undersecretary for International Affairs Timothy Adams, Ha formally expressed the Government of Vietnam's (GVN) interest in receiving technical assistance in developing three areas: tax administration, capital and bond markets, and the insurance sector. This long-anticipated letter from Ha provides the USG with an excellent opportunity to become more involved in Ministry of Finance (MOF) in a year that will likely see major changes to Vietnam's financial sector. A USG presence in MOF on these issues would allow us an opportunity to see that many of these financial sector changes happen in ways helpful to U.S. investors, U.S. policy, and U.S. interests in the region. End Summary.

12. (SBU) Ha's seven page letter, transmitted directly to Treasury from MOF, calls for workshops, seminars, short-course training sessions, and information exchanges on the topics outlined above to begin as soon as possible. His letter then presents several specific areas for proposed technical assistance. In the area of taxation, the Vice Minister asks for assistance with human resource management, internal investigation capacity building, management training, and training in international taxation policies and methodology. In capital bond markets, Ha asks for assistance with implementing the Securities Law, passed last year, and with completing the legal framework regulating securities. He also asks for assistance in developing regulations for investment funds and a credit guarantee fund. Finally, in insurance, Ha proposes U.S. technical assistance help Vietnam build a financial risk management framework for insurers in Vietnam. All of Ha's proposals specify areas for cooperation and potential deliverables as a result of cooperation.

13. (SBU) Comment: This request for technical assistance comes as a critical moment in Vietnam's financial sector development. The donor community has made it clear that Vietnam must take some major steps in 2007 and 2008 to meet the expectations of its aid partners and its international investors. That MOF presented the USG with such a detailed, well-thought out proposal presents us an opportunity to provide targeted, effective assistance at a time when Vietnam is already determined to undertake serious reforms. We should use this chance to shape the nature of Vietnam's financial sector and to affirm the Government of Vietnam's decision to move in this direction. End Comment.

MARINE